

Message Text

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ACTION ARA-10

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 9566

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TAGS: BEXP, AR

SUBJ: FY 75 CCP: SECOND QUARTER PROGRESS REPORT

REF: BA 7841, OCT 24, 1974; STATE 280182

1. CAMPAIGN: EQUIPMENT AND ENGINEERING/CONSTRUCTION SERVICES FOR ELECTRIC PWER GENERATION AND TRANSMISSION: CHANGE OF ECONOMIC LEADERSHIP IN OCTOBER 1974 RESULTED IN SUBSTANTIAL CHANGES IS TOP AND SECOND LEVEL LEADERSHIP IN GOA SECRETARIAT OF ENERGY AND TO A LESSER EXTENT IN POWER COMPANIES THEMSELVES. CM (CAMPAIGN MANAGER) IS NOW REBUILDING CONTACTS AMONGST DECISION MAKERS, WHICH SHOULD BE COMPLETE BY END OF 3RD QUARTER FY 75. SEMINAR OF OFFICIAL USG FINANCING FACILITIES IN SUPPORT OF POWER EQUIPMENT EXPORTS HAS BEEN SHELVED TEMPORARILY UNTIL EFFCTS OF CONGRESSIONAL RESTRICTIONS ON EXPORT-IMPORT BANK LENDING ARE CLARIFIED, AND EMBASSY APPRISED ON BANK'S POLICY TOWARDS ARGENTINA, WHICH SEEMS TO HAVE BEEN OVERLY RESTRICTIVE IN RECENT PAST. INSTEAD, EMBASSY PLANNING FOREIGN BUYERS GROUP VISIT TO U.S. IN THIS SECTOR. EMBASSY CONTINUED ITS REPRESENTATIONS WITH GOA OFFICIALS IN SUPPORT OF WESTINGHOUSE'S PROJECT FOR SALE OF TECHNOLOGY AND COMPONENTS TO GOA FIRM SIAM. EMBASSY OFFICIALS MADE REPRESENTATIONS TO NEW SECRETARY OF ENERGYIN AN ATTMEPT TO OPEN UP TO COMPETITIVE BIDDING A NUMBER OF POWER PROJECTS PREVIOUS GOA ECONOMIC LEADERSHIP HAD AWARDED DIRECTLY TO CZECHS. TO DATE, WE HAVE HAD NO POSITIVE REACTIONS FROM AUTHORITIES.

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2.CAMPAIGN: EQUIPMENT AND ENGINEERING/CONSTRUCTION SERVICES

FOR STEEL FOUNDRIES AND ROLLING MILLS: DESPITE EMBASSY AND USDOC EFFORTS TO ASSIST SUPPLIER MESTA MACHINE ITS BID FOR STEEL EQUIPMENT FOR SOMISA MILLS, MESTA WAS ELIMINATED FROM COMPETITIONS, WE BELIEVE, LARGELY BECAUSE OF THEIR UNWILLINGNESS TO BE AGGRESSIVE AND FORTHCOMING WITH SOMISA. THE CHANGE IN ECONOMIC MINISTER HAS RESULTED IN THE CANCELLATION OF THE BID CONTEST FOR A NEW GOA 3 MILLION METRIC TON INTEGRATED STEEL PLANT. NEW BIDS HAVE NOT YET BEEN INVITED, AS NEW ECONOMIC TEAM Ponders NEXT MOVES IN EXPANDING STEEL MAKING CAPACITY. EMBASSY WILL FOLLOW SITUATION CLOSELY IN ATTEMPT TO DETERMINE BEST STRATEGY FOR U.S. SUPPLIERS AND NATURE OF PROMOTION EVENT TO BE HELD IN SUPPORT OF THIS CAMPAIGN. TECHNICAL SALES SEMINAR PROJECT BEING HELD IN ABEYANCE PENDING THOROUGH REVIEW OF CURRENT PROSPECTS THIS SECTOR. MARKET SURVEY STILL INCOMPLETE, LARGELY BECAUSE OF FACTORS OUTLINED PAPA. 6 OF THIS REPORT. EXPECT TO HAVE FIRST DRAFT BY END OF JANUARY.

3. CAMPAIGN: EQUIPMENT AND ENGINEERING CONSTRUCTION SERVICES FOR CHEMICAL AND PETROCHEMICAL INDUSTRIES: CHANGE IN GOA ECONOMIC LEADERSHIP HAS BROUGHT INTO QUESTION VIABILITY OF GOA-MONTEDISON DEAL TO FINANCE AND CONSTRUCT BAHIA BALNCA PETROCHEMICAL COMPLEX-THE MAJOR PROJECT IN THIS SECTOR. EMBASSY FOLLOWING SITUATION CLOSELY TO DETERMINE BEST STRATEGY FOR U.S. SUPPLIERS AND NATURE OF PROMOTION EVENT TO BE HELD IN SUPPORT OF THIS CAMPAIGN. DUE TO FURTHER REDUCTION IN PERSONNEL IN ECONOMIC/COMMERICAL SECTION, MANAGEMENT OF THE CAMPAIGN PASSED TO CAMATT JOHN E. WILLIAMS. SCHEDULED NOVEMBER 1974 TRADE MISSION POSTPONED UNTIL APRIL 1975. EMBASSY NEEDS INFORMATION ON PARTICIPANTS IN THIS EVENT ASAP.

4. CAMPAIGN: FOOD PROCESSING AND PACKAGING EQUIPMENT: BECAUSE OF PERSONNEL REDUCTIONS IN SECTION, RESPONSIBILITY FOR THIS CAMPAIGN PASSED TO FLS-W IAN SCOTT. CM IS PREPARING FOR TRIP TO ARGENTINE NORTHWEST IN LATTER PART OF THIRD QUARTER TO SEEK OUT TRADE OPPORTUNITIES FOR SUGAR AND VEGETABLE PROCESSING EQUIPMENT. EMBASSY HAS REQUESTED CATALOGS FROM LEADING U. S. SUPPLIERS IN THESE CATEGORIES FOR USE ON VISIT. UPDATE OF FOOD PROCESSING MARKET SURVEY BEGUN IN DECEMBER. DRAFT IS NOW COMPLETE, AND WE UNCLASSIFIED

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EXPECT TO BE ABLE TO POUCH STUDY BY END OF JANUARY.

5. CAMPAIGN: TEXTILE EQUIPMENT: EMBASSY SUPPORTED TEXPO IN BRAZIL WITH MAIL-OUT AND WILL ORGANIZE NEW TRADE MISSION EVENT FOR FOUR OF PARTICIPANS IN TEXPO WHO WILL VISIT ARGENTINA FOLLOWING EVENT. MAJOR TEXTILE TRADE MISSION PROJECT SERAPPED AS RESULT OF INSTRUCTIONS FROM USDOC (SEE STATE 252403). BECAUSE OF PERSONNEL REDUCTIONS, RESPONSIBILITY FOR THIS

CAMPAIGN HAS PASSED TO FSL-2 NORBERTO TURDO.

6. RESOURCE ALLOCATION OTHER ACTIVITIES: TRADE CENTER CEASED OPERATIONS

MID NOV 1974 AND DIRECTOR WAS TRANSFERRED. ECONOMIC/COMMERCIAL SECTION LOST ADDITIONAL FSO WHO TRANSFERRED MID DEC WITHOUT REPLACEMENT, BRINGING U.S. OFFICER COMPLEMENT IN SECTION DOWN TO FOUR FROM A TOTAL OF EIGHT ON BOARD AT END OF FY 74. SECTION ABSORBED TWO SENIOR FSLs FROM TRADE CENTER AND PREPARED PROMOTION EVENT PROGRAM FOR BALANCE OF FY 75 AND FY 76 TO BE CONDUCTED BY ECONOMIC/COMMERCIAL SECTION AND EXECUTED BY FORMER USTC EMPLOYEES. TRANSITION AND PREPARATION OF THIS PROGRAM INVOLVED ABOUT 40 FSO MAN-HOURS AND APPROXIMATELY 240 FSL MAN-HOURS. DURING THE PAST QUARTER. A SUBSTANTIAL PORTION (10 PERCENT) OF THE TIME OF THESE TWO EMPLOYEES CONTINUES TO BE TAKEN UP WITH PHASING OUT PROBLEMS OF THE TRADE CENTER. DESPITE PERSONNEL REDUCTIONS, EMBASSY PLANS TO ATTEMPT TO CONTINUE IMPLEMENTATION OF ITS SEVEN CAMPAIGNS THROUGH END OF FY 75. ACTIVITY IN FOOD PROCESSING AND PACKAGING AND TEXTILE CAMPAIGN WILL BE CARRIED ON AT A REDUCED LEVEL.

7. IN ADDITION TO ABOVE FACTORS, THE EMBASSY'S EXPORT PROMOTION WORK HAS BEEN HAMPERED DURING THIS PERIOD BY CHANGES IN EXPORT-IMPORT BANK LENDING TERMS, WHICH MAKE U.S. SUPPLIERS GENERALLY LESS COMPETITIVE, BY WHAT WE READ AS INCREASED BANK RELUCTANCE TO INCREASE THEIR EXPOSURE IN ARGENTINA AND BY THE FORCED SUSPENSIONS OF BANK'S OPERATIONS WHICH HAVE OCCURRED SINCE MID-1974.

8. CCP TASK FORCE HAS REVIEWED WORK ON CCP DURING LAST QUARTER AND APPROVED THIS REPORT.

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